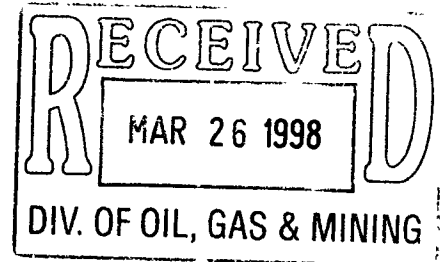


m/031/002



St. Paul Surety

NOTICE OF CANCELLATION

Type of Bond (M) Bond No. 4

<u>Date</u>	<u>Amount</u>	<u>Kind of Bond</u>	<u>Cancellation Effective</u>
3/24/98	\$37,300	reclamation bond see attached description	ninety days after receipt

Name and Address of Obligee(s)
State of Utah
Dept. of Natural Resources
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-5801

Certified Mail
Return Receipt Requested

Name and Address of Principal
Interstate Brick Company
c/o Pacific Coast Bldg. Products
P.O. Box 160488
Sacramento, CA 95816

Gentlemen:

Please take notice that this Company elects to cancel the above mentioned bond in accordance with its terms and conditions, cancellation to be effective as indicated above.

St. Paul Fire and Marine Insurance Company

by: Betty L. Tolentino
Betty L. Tolentino, Attorney in Fact

Name and Address of Attorney in Fact
St. Paul Fire and Marine Insurance Company
Two Embarcadero Center, Suite 1300
San Francisco, CA 94111

Attachment to Notice of Cancellation for Bond No.

Permit # M/031/002

Mine Name: Koosharem

Lots 1 and 2; SW $\frac{1}{4}$ of NE $\frac{1}{4}$, SE $\frac{1}{4}$ of NE $\frac{1}{4}$, NW $\frac{1}{4}$ of SE $\frac{1}{4}$, NE $\frac{1}{4}$ of SE $\frac{1}{4}$, SW $\frac{1}{4}$ of SE $\frac{1}{4}$, SE $\frac{1}{4}$ of SE $\frac{1}{4}$ T, 27 S., R. 2 W., Section w, SLM

m/031/002

RECLAMATION SURETY ESTIMATE

Don Fullmer - Paradise Management Company

last revision

03/20/98

Koosharem Mine

filename m31-02tr.wb2

page "ESTIMATE"

M/031/002

Piute County

Prepared by Utah State Division of Oil, Gas & Mining

- This estimate is based on site conditions observed during the Division inspection of 9/4/97
- This site is to be transferred from Interstate Brick Company to Don Fullmer
- The previous reclamation estimate of 4/3/91 totaled \$20,300 for 6.5 acres of disturbance
- This estimate is for reclamation of mining disturbances located on State Section 2, T27S, R2W**
- Pit highwalls to be reduced to 3H:1V (earthen materials) or less than 45 degrees if in bedrock
- All compacted areas (roads, pads, etc.) will be ripped to a 12 inch depth prior to topsoiling or seeding
- Waste materials or overburden to be used in highwall backfill or surface regrading
- The limited amount of salvaged topsoil will be placed in a minimum 6 inch depth to create "islands"
- The entire disturbed area will receive revegetation treatments of mulch, fertilizer & seed
- This site was previously permitted with Interstate Brick Company as the operator
- Acreages & volumes used in this calculation are subject to change based on an updated surface map
- An updated reclamation treatments map is also needed

-ASSUME ACREAGE: PIT = 3 ACRE, PADS & STOCKPILES =2 ACRE, ROADS =1.5 ACRE

-Amount of disturbed area which will receive reclamation treatments = 6.5 acres

-Estimated total disturbed area for this mine = 6.5 acres

Activity	Quantity	Units	\$/unit	\$
Regrading scale area	500	CY	0.47	235
Regrading highwall to 3H:1V	3,000	CY	0.47	1,410
Regrading general site (pit, pad, road)	1,000	CY	0.47	470
Ripping pit floor to 12 inch depth	3.0	acre	224	672
Ripping stockpile pads & compacted areas	2.0	acre	224	448
Ripping access roads	1.5	acre	224	336
Regrading access road section (ASSUMED)	0.5	acre	619	310
Surface drainage restoration (ASSUMED)	500	LF	0.15	75
Topsoil replacement (VOL ASSUMED)	4,000	CY	0.47	1,880
Mulching (2 ton/acre alfalfa)	6.5	acre	160	1,040
Drill seeding (~13 lb/acre)	6.5	acre	170	1,105
General site cleanup & trash removal	6.5	acre	50	325
Equipment mobilization	2	equip	1,500	3,000
Reclamation Supervision	3	days	363	1,089
	Subtotal			12,395
10% Contingency				1,239
	Base amount 1998-\$			\$13,634
Escalate for 5 years at 2.24% per yr				1,597
	Total			\$15,231

Rounded surety amount in yr 2003-\$ \$15,200

Average cost per disturbed acre =

\$2,338